

Message Text

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ORIGIN EA-12

INFO OCT-01 ISO-00 EUR-12 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 STR-07 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02
OMB-01 DOE-11 /116 R

DRAFTED BY EA/ANP:TJWAJDA:PAP
APPROVED BY EA/ANP:EHURWITZ
E :EJOHNSTON

-----016766 251227Z /15

R 240559Z FEB 78
FM SECSTATE WASHDC
TO AMEMBASSY CANBERRA
INFO AMEMBASSY TOKYO

C O N F I D E N T I A L STATE 047815

E.O. 11652:GDS

TAGS: EGEN

SUBJECT: COOPER-GARLAND MEETING

1. SUMMARY UNDER SECRETARY COOPER MET WITH AUSTRALIAN
MINISTER FOR STR GARLAND FEBRUARY 17. HOUR-LONG
DISCUSSION FOCUSSED ON MTN, BEEF, US-JAPANESE TALKS AND
AUSTRALIAN PROTECTIVE MEASURES. END SUMMARY.

2. GARLAND OPENED DISCUSSION WITH QUERY CONCERNING US
ATTITUDES TOWARD EC. COOPER SAID US AND EC HAD STRONG
COMMON INTERESTS AND SOME DIFFERENCES. THE LATTER SHOULD
NOT BE EXAGGERATED. WE HAVE SHARED VIEW ON IMPORTANT
OBJECTIVES, BUT WE ALSO HAVE SOME PARTICULAR POINTS OF
DIFFERENCE WITH REGARD TO PARTICULAR TRADE PROBLEMS. IT
HAD BEEN PREDICABLE SINCE THE FOUNDING OF THE EC THAT
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ITS GROWTH AND DEVELOPMENT WOULD EVENTUALLY RESULT IN
PROBLEM IN CERTAIN SECTORS.

3. IT IS DIFFICULT TO PREDICT JUST HOW THE MTN WILL
END WITH REGARD TO AGRICULTURE. THERE WAS SOME REASON
TO BE REASONABLY OPTIMISTIC IN THE CASE OF WHEAT, AND
SOME PROCESSED FOODS WOULD BENEFIT FROM TARIFF REDUCTIONS.

GARLAND NOTED THAT AUSTRALIA'S PROBLEM WITH WHEAT AND THE EC DIFFERED FROM THAT OF THE US AS AUSTRALIAN SOFT

WHEAT COMPETED DIRECTLY WITH THE TYPE PRODUCED IN EUROPE. HE SAID THAT IN CONVERSATIONS WITH HIM AMBASSADORS STRAUSS AND WOLFF HAD UNDERTAKEN TO SUPPORT THE GOA IN LIBERALIZING AGRICULTURAL TRADE. COOPER NOTED THAT UNDER OUR TRADE ACT AGRICULTURE WOULD HAVE TO BE INCLUDED IN THE MTN IF THERE WAS TO BE A DEAL.

4. GARLAND WAS UNABLE TO GIVE SPECIFICS OF THE AUSTRALIAN MTN OFFER BUT SAID IT WOULD BE READY IN A WEEK OR TWO. AUSTRALIA WAS PARTICULARLY CONCERNED THAT AGRICULTURE NOT BE SEPERATED FROM THE MTN. AUSTRALIA WAS AN EFFICIENT, QUALITY SUPPLIER BUT HAD BEEN LOCKED OUT OF MARKETS IN PREVIOUS ROUNDS OF TRADE NEGOTIATION.

5. GARLAND MADE POINT THAT US ENJOYS TWO-TO-ONE FAVORABLE TRADE BALANCE WITH AUSTRALIA. HE WANTED TO CORRECT IMPRESSION THAT AUSTRALIA WAS OVERLY PROTECTIVE AND SAID US MANUFACTURED PRODUCTS HAD LITTLE PROBLEM ENTERING AUSTRALIA.

6. ON BEEF, COOPER SAID THERE WAS NO WAY TO CHANGE CURRENT US LAW, BUT THAT UNDER ITS CONSTRAINTS, WE WERE CONFIDENTIAL

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AS LIBERAL AS POSSIBLE WITH REGARD TO IMPORTS. WHILE THE INDUSTRY SEEMED TO HAVE STABILIZED, IT WAS NOT STRONG ENOUGH TO WARRANT A LIFTING OF IMPORT RESTRICTIONS. COOPER NOTED THAT THERE WOULD BE CONTINUING PRESSURE FROM CENTRAL AMERICAN SUPPLIERS, MAINLY COSTA RICA, FOR INCREASED ACCESS TO THE US MARKET.

7. IN RESPONSE TO GARLAND QUESTION, COOPER SAID THE DATE FOR THE ECONOMIC SUMMIT HAD NOT BEEN SET BUT WE WERE PROCEEDING ON THE ASSUMPTION IT WOULD BE HELD IN JULY. HE THOUGHT THE MAJOR ITEMS FOR DISCUSSION WOULD BE THE MACRO-ECONOMIC SITUATION, TRADE, ENERGY AND THE NORTH-SOUTH DIALOGUE. DISCUSSION ON TRADE WOULD OBVIOUSLY REFLECT THE RESULTS OF THE MTN.

8. LOOKING AT THE GLOBAL PICTURE, GARLAND SAID HE FELT THE RECENT US-JAPANESE TALKS DID NOT AMOUNT TO MUCH. A JAPANESE GROWTH RATE OF SEVEN PERCENT WAS NOT BELIEVABLE -- FIVE PERCENT MIGHT BE. IF SEVEN PERCENT WAS AN UNREALISTIC TARGET THEN THERE WOULD BE TENDENCY FOR JAPANESE TO "DO THEIR BEST" RATHER THAN TRY TO REACH THE TARGET. COOPER AGREED THAT ONE COULD QUESTION

WHETHER THE GOJ WOULD REACH SEVEN PERCENT TARGET, BUT
A SEVEN PERCENT TARGET WOULD RESULT IN MORE GROWTH THAN
WOULD A SIX PERCENT TARGET. IT IS HOW THE TARGET AFFECTS
POLICY THAT COUNTS. BECAUSE OF THE SEVEN PERCENT TARGET
GOJ HAD BROKEN THIRTY PERCENT BUDGET DEFICIT BARRIER.
ACTUAL DEFICIT WOULD BE ABOUT 38 PERCENT. THE YEN
EXCHANGE RATE WAS ALSO EXERTING PRESSURE ON THE JAPANESE
TO DECREASE THEIR DEFICIT. COOPER NOTED THAT IN THE
US-JAPANESE TALKS, WE HAD FOCUSED ON GLOBAL TRADE
EQUILIBRIUM RATHER THEN BILATERAL BALANCE. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETINGS, MEATS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 feb 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE047815
Document Source: CORE
Document Unique ID: 00
Drafter: TJWAJDA:PAP
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780088-0073
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780215/aaaaampx.tel
Line Count: 125
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 5aba38d0-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3484134
Secure: OPEN
Status: NATIVE
Subject: COOPER-GARLAND MEETING
TAGS: EGEN, EPAP, AS, US, MTN
To: CANBERRA
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/5aba38d0-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014